

**State Employee Benefits Committee
February 12, 2009, 1:00 p.m.
Tatnall Building, Room 112
Dover, Delaware**

The State Employee Benefits Committee met on February 12, 2009 at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, OMB, Director,
Statewide Benefits
Faith Rentz, OMB, Statewide Benefits
Ann Skeans, OMB, Statewide Benefits
Mary Thuresson, OMB, Statewide Benefits
Vicki Knotts, Chief of Administration, OMB
Casey Oravez, OMB
Kim Wells, OMB
Karen Weldin Stewart, Commissioner, DOI
Julian Woodall, Controller, DOI
Andrew Kerber, Department of Justice
Ronniere Robinson, DHSS, Public Health
Gail Trego, OMB, PHRST
Tina Hession, OMB, PHRST
David Craik, Office of Pensions
Kim Vincent, Office of Pensions
Velda Jones-Potter, State Treasurer
Barbara Bennett, State Treasurer's Office
Gary Pfeiffer, Secretary of Finance
Tom Cook, Finance
Russ Larson, Controller General
Lori Christiansen, Office of the Controller
General

Ed Tos, SEBAC Chair/DOL
Christine Long, SEBAC, DHSS
Teri Strawder, OMB, Wellness
Aaron Schrader, OMB, Wellness
Regina Bailey, OMB, Wellness
Loretta Walla, DOE
Judy Anderson, DSEA
Tim Barchak, DSEA
Mike Morfe, AON
Mike Casey, AON
Kim Hawkins, City of Dover
Elaine Edwards, City of Dover
Rhonda Walker, City of Dover
Mary Pat Urbanik, U of D
Joe Morocco, HMS
Andrew Brancatti, BCBSD
Faith Joslyn, BCBSD
Jay Reed, BCBSD
Julie Caynor, Aetna
Mary Sodl, Aetna
April Connelly, Aetna
Greg Sisofu, Delta Dental
Bert Scogletti, OMB

Agenda Items Discussed:

Introductions/Sign In

Ms. Lakeman called the meeting to order at 1:05 p.m. stating Ms. Visalli would be arriving late. Introductions followed.

Approval of Minutes

Ms. Lakeman asked the SEBC to review the February 6, 2009 SEBC minutes. Upon her request for a motion of approval, Mr. Larson made a motion to approve the minutes and Mr. Pfeiffer seconded the motion. The minutes were approved with unanimous voice vote.

Director's Report

Ms. Lakeman explained a component of the Economic Stimulus bill which will provide premium subsidies for COBRA continuation for unemployed workers. It is an extension of COBRA benefits that could affect our plan and as currently proposed will include a nine month subsidy for anyone whose employment is involuntarily terminated between September 1, 2008 and December 31, 2009. The bill proposes reimbursement to employers through payroll tax credits. The Group Health Program should not see a financial impact; however, the legislation could mean increased enrollment and claims if individuals who would not have otherwise elected COBRA choose to do so. More information will be shared as it becomes available.

SEBAC Comment

Mr. Tos had no comments to present.

DelaWELL Program Overview and Recommendations – Kim Wells (handout)

- Wellness Program History
 - SEBC initially authorized \$1.9 million for DelaWELL
 - SEBC authorized \$5.0 million for year two in Fiscal Year 2008 (11/07)
- DelaWELL Year Two Program Components
 - Health Risk Assessment
 - On-site Biometric Health Screenings
 - Weight Watchers
 - DelaWELL University
 - Online Health Resources
 - Next Steps Coaching Programs
 - Cardio Health Assessments
- Participation and Risk Summary – Year Two
- Annual Avoidable Health Care Costs
- Impact on Program Participants
- Return on Investment (ROI) in Wellness Programming
 - It could take three to five years from the time an organization begins a wellness program before it caps or lowers insurance premiums and begins to yield a ROI
- Budget Cuts
 - Total Savings: \$2,102,310
 - Total Remaining Funds: \$2.5 million
- Proposal to use remaining \$2.5 million from FY08 to continue StayWell and other resources for two program years
 - Two Year Total Cost: \$2.5 million + 3.5 FTEs
- Impact on Employees and their Families

No questions were raised. Ms. Visalli stressed the program has been a big success and well received.

SEBC Group Health Program FY10 Planning – Faith Rentz (handout)

- Recap of FY 2010 Projections
- Health Fund Premiums vs. Expenditures
- Health Fund Revenue Sources
- Fund Group Health Shortfall in FY 2010
 - Balance needed: \$29.3M
- Health Care Premium History
- Contributions Comparisons – Locally and Nationally
- State Employee Health Care Rates FY 2006 – Potential FY 2010
 - Potential 16% Trend Increase for FY 2009 & FY 2010
 - Current Recast 12% Trend for FY 2009 & FY 2010
- Primary Methods to Close Budget Shortfall
 - Increasing Employee/Retiree Contributions
 - Reducing Plan Costs
 - Important to consider impacts to employees and OPEB liability
 - Some Options will Require Legislation/Code Changes
- Employee Contribution Options to Fund Group Health in FY 2010
- Actual Impact of Employee Contribution Options (not requiring changes to existing policy/code)
- Plan Design Options to Fund Group Health in FY 2010
- Current Plan Design/Comparison of Proposed Options
- Other Options
- SEBC Goals/Timeline to Finalize Health Fund Budget
 - February 23rd: Review financials through 12/31/08; changes to FY 2010 projections
 - March 13th: Begin to vote on plan design and contribution changes
 - March 30th: Finalize FY 2010 budget/health rates

Throughout the presentation, questions, answers and discussion took place. Steve Kubico from the Office of the Controller General verified that the cost saving options presented represented potential savings across all fund types. Mr. Kubico also clarified that those options which would reduce the state's OPEB liability would not have a direct savings on the Group Health Program budget. Dave Craik, Pension Administrator, explained that certain plan design changes would lower the state's annual required contribution which is amortized over a 30 year period and is reported as a liability on the state's annual income and expenditure reports.

Karen Weldin Stewart, DOI Commissioner, asked if consideration had been given to a sliding scale for employee contributions which would base health care contributions on an employee's annual salary. Ms. Visalli explained that the percentage of pay option presented earlier would achieve a similar outcome. She also explained that the First State Basic Plan is a no employee cost plan and provides a low cost alternative for employees who may consider the other plans to be unaffordable. Ms. Stewart also suggested that the SEBC consider exploring the possibility of moving the Pensioner population to the Delaware Prescription Program. Ms. Visalli explained that the Prescription Program is funded with Tobacco Settlement funds and would not serve as a cost savings, but instead a shifting

of costs from one funding source to another. Lori Christiansen in the Office of the Controller General added that legislation would most likely be necessary to expand eligibility to the Pensioner population.

Russ Larson, Controller General, commented on the presentation and urged the SEBC to be cautious when comparing State of Delaware employees to other employers in terms of salary and health care benefits. He shared that previous studies had been conducted which did not provide evidence that state employees were significantly better than private sector employees. Mr. Larson expressed concern that the committee has been previously asked to consider significant plan and contribution changes to fund projected increases while during the same time period, the health fund has experienced surplus growth.

Secretary Pfeiffer asked if the active and retiree populations were rated separately. Ms. Lakeman explained that the entire membership of the Group Health Program is rated together. Secretary Pfeiffer suggested that the SEBC give consideration to looking at these groups separately and based on their actual experience.

Other Business

None.

Public Comment

None.

Ms. Visalli reminded everyone the next SEBC meeting is scheduled for February 23, 2009 at 1:00 p.m. in the Tatnall Building and then asked for a motion to adjourn the meeting. Mr. Larson made the motion to adjourn and Ms. Jones-Potter seconded the motion. Upon unanimous voice vote the motion carried. The meeting adjourned at 2:14 p.m.

Respectfully submitted,

Mary K. Thuresson
Administrative Specialist
Statewide Benefits Office, OMB